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ABSTRACT

This report is the result of efforts to encourage thoughtful individual corporate action in maintaining up-to-date internal policies and procedures relating to the functions of advertising and promotion. Information for the report was gathered by sending letters to the chief executives of major national advertisers requesting a personal review of their companies' procedures and policies. Major headings are The Council, the Project, and the Reasons for the Report; Some Definitions, Changing Boundaries, and Recognition of Roles; Identification of Policy and Procedures, Suggestions for Implementation, and Awareness of Values; Summary of the Response, Replies to Specific Questions, and Comments Volunteered, and In Summary, the Need for Individual Initiative and Continuing Review. Final recommendations relating to developing and implementing corporate advertising and promotion policies and procedures are fully explained in the body of the report and are stated briefly in the summary section. The appendixes include letters to national advertisers from the Secretary of Commerce and the sub-council (Appendix A) and some specific examples of policies and procedures (Appendix B). (SH)

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ED130023

Corporate Policies and Procedures on

Advertising & Promotion

Report of the Sub-Council on Advertising and Promotion of the National Business Council for Consumer Affairs

September 1972

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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CE 008 161

National Business Council for Consumer Affairs
Sub-Council on Advertising and Promotion

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Chairman & Chief Executive Officer
The Pillsbury Company

Vice-Chairman: **Archibald McG. Foster**
Chairman & Chief Executive Officer
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President & Chief Executive Officer
Heublein, Inc.

Executive Secretary: **Gerard C. Iannelli**
Director of Legal Programs, NBCCA
U. S. Department of Commerce

Honorable Peter G. Peterson
Secretary of Commerce
Washington, D.C. 20230

Dear Mr. Secretary:

The NBCCA Sub-Council on Advertising and Promotion has been examining consumer affairs issues in an attempt to identify positive actions which can be taken by advertisers to help anticipate and resolve problems, and to bring greater understanding to issues, involving the advertising and promotion functions. As you know, the subjects of our discussions have included the importance of individual policies and procedures, the use of advertising by consumers, and the documentation of claims.

We are pleased to transmit the first report of the Sub-Council, on "Corporate Policies and Procedures", for your consideration. The purpose of this initial project of the Sub-Council has been to promote the highest levels of advertising and promotion practices through individual action. The report reflects our conviction that one of the most lasting contributions can be made by encouraging individual initiative and top level corporate leadership in developing and maintaining internal policies and procedures.

The personal letters sent last fall to the chief executive officers of the nation's major national advertisers have enjoyed an excellent response. The many comments and reactions received number among them corporations accounting for more than eighty-five percent of the advertising dollars spent by the top 100 national advertisers. In addition, well over 100 samples of policy and procedure statements have been volunteered as examples that might help others.

We should like to take this opportunity to express our appreciation to former Secretary Maurice H. Stans for his interest in this project during its inception, to the many advertisers who have joined with the Sub-Council in its "first step", and to you for your help during the coming weeks in distributing this report widely to advertisers and to the public.

Sincerely,

Robert E. Brooker
Robert E. Brooker
Chairman, National Business
Council for Consumer Affairs

Robert J. Keith
Robert J. Keith
Chairman, Sub-Council on
Advertising and Promotion

Donald S. Perkins
Donald S. Perkins
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Advertising and Promotion

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Report on Corporate Policies and Procedures on Advertising and Promotion

HIGHLIGHTS

The purpose of the Advertising and Promotion Sub-Council's report is to encourage individual corporate action in developing up-to-date internal policies and procedures relating to the functions of advertising and promotion. The Sub-Council has recommended that each national advertiser, on an individual basis, seek to develop, or review, specific policies and procedures related to its advertising and promotion activities . . . the objective being to assure the maintenance of the highest levels of advertising and promotion practices through individual decision, motivation, and action.

The Sub-Council has made the following specific recommendations for developing individual statements of corporate advertising and promotion policies and procedures:

- 1. The chief executive officer of the corporation should be involved in the development of the statements of advertising and promotion policy and procedures.
- 2. The statements should be reduced to writing.
- 3. The statements should be disseminated to all individuals involved in the organization's advertising and promotion functions.
- 4. The statements should be made available to interested individuals outside of the organization.
- 5. The statements should be subject to continuing review and revision.

As the chief executive officer and top management personnel provide the guidance necessary to the selection, articulation, and dissemination of these policy statements, consumers should witness increased receptivity to their legitimate expectations of advertising and promotion practices.

To accomplish this goal, the Secretary of Commerce and the Sub-Council sent personal letters in November of 1971 to approximately 1,200 chief executive officers of the

nation's major national advertisers. The letters asked that each chief executive personally review his company's procedures and policies and supervise their dissemination to every person involved in its advertising and promotion activities. The letters also expressed the conviction that this review would provide top management with the opportunity to insure that all policies and procedures have kept pace with the evolution of consumer expectations and of modern advertising practices.

The present document is intended as a report to the chief executive officers to whom the Secretary and the Sub-Council addressed their letters last fall, and also as a description of the purpose and results of the project for all interested in the maintenance of high levels of advertising practices.

The report summarizes the results of the project in terms of the many responses received from national advertisers. Also, it includes several illustrative statements of policies and procedures to provide helpful clues and conceptual checklists; however, the task of writing individual policy and procedure statements must rely on the individual creativity of each corporation's top management. Finally, the report stresses the importance of continuing review of policies and procedures as a key to each advertiser's ultimate success in assuring that the corporation's principles are reflected in its advertising and promotion practices.

I. The Council, the Project, and the Reasons for the Report

The Council

The National Business Council for Consumer Affairs was established by the President on August 5, 1971. The Council counts among its members over one hundred leading corporate executives representing a wide cross-section of American business.

As indicated in the Executive Order establishing the Council, its advice is to be furnished to the President, the Office of Consumer Affairs, the Federal Trade Commission, the Department of Justice, and other Government agencies as appropriate, through the Secretary of Commerce. At their first meeting, the members of the Council stated that a primary element of their mission would be to encourage the development of voluntary programs by industry to help anticipate and resolve consumer problems.

In order to perform their work most effectively in dealing with consumer affairs issues which cut across many industries, the Council's members were assigned to seven Sub-Councils organized around issue areas rather than related industry groupings. As a result, each Sub-Council provides a unique focus on a given facet of consumer affairs, calling upon the experience of at least one member from each of the industry groups to whom the problem is of interest. An example of the wide range of industries contributing to the study of a given set of issues is seen in the composition of the Advertising and Promotion Sub-Council, whose members are listed above.

The Project

This report concerns the initial project of the Sub-Council on Advertising and Promotion.

The first meetings of the Sub-Council were devoted to establishing priorities for the selection of projects. It was decided at an early stage that one of the most important, widespread, and lasting contributions could be made by en-

couraging thoughtful individual corporate action in maintaining up-to-date internal policies and procedures relating to the functions of advertising and promotion.

To accomplish this objective, personal requests were addressed to the chief executive officers of the nation's major national advertisers. Letters signed by the Secretary of Commerce and by Mr. Robert J. Keith, Chairman of The Pillsbury Company, and Mr. Archibald McG. Foster, Chairman of Ted Bates and Company, serving as Chairman and Vice-Chairman of the Advertising and Promotion Sub-Council, were sent in November of 1971 to approximately 1,200 chief executive officers. Copies of the letters appear in Appendix A.

The letter from the Sub-Council asked that each chief executive personally review his company's policies and procedures and supervise their dissemination to every person in the organization involved in its advertising and promotion activities. The ultimate purpose of the project was described as seeking to assure, on an individual basis, the maintenance of the highest levels of advertising and promotion practices.

The letter expressed the conviction that the requested review would provide an opportunity for top management to make sure that all such policies and procedures, and the extent to which they reflect management involvement and win employee commitment, have in fact kept pace with the evolution of consumer expectations and of modern advertising practices. It stressed also that the success of this internal examination of advertising and promotional policies would "depend on individual decision, individual motivation, and individual action".

In his accompanying letter, Secretary of Commerce Maurice H. Stans concluded: "I am convinced that this kind of voluntary action, given the personal commitment of all concerned employees, can provide tangible benefits to the consumer and the business community."

The Reasons for the Report

The present report has been prepared for several reasons, relating both to the corporations and individuals who have participated in the project, and to the many sectors of the public interested in its success.

Of the many companies whose executives volunteered replies to the Council's letters, and offered to share not only thoughts but also descriptions of action taken, approximately thirty percent specifically requested further communication with the Sub-Council on one or more of three fronts.

Some asked if the Sub-Council would share with them samples of policies and procedures submitted by others as examples that might be helpful in developing new written statements or revising existing ones.

Many asked if they might hear, in some detail, the results of the project and a summary statement of the kinds of response received.

And a vast majority asked if there might be ways in which they could assist further in achieving the purposes of the project.

This report is intended to serve as a response to each of these specific requests.

First, included in the report are several illustrative statements of policies and procedures selected from the many received. While the Sub-Council continues to urge that primary reliance be placed upon the initiative and creativity of each advertiser in developing and refining procedures best suited to its own needs, it is anticipated that the statements included in Appendix B will be helpful as examples of policies and procedures that have worked well for individual companies.

Second, the report itself summarizes the results of the project in terms of the many responses received to date from chief executive officers of national advertisers. In addition,

it sets forth the key considerations of the Sub-Council which went into selecting, developing, and implementing the project, and which have been endorsed by so many of the advertisers in their replies.

Third, the report stresses the importance of continuing review of policies and procedures as a key to the project's ultimate success and as the one way in which companies can contribute most in the future to the objective of maintaining high levels of advertising and promotion practices.

In addition to replying to these specific requests, the document is intended as a report to all concerned with the issues involved.

To all those to whom the letters of the Secretary and of the Sub-Council were sent, and to the many who have communicated with the Sub-Council as of this writing, a key purpose of this report is to express recognition and appreciation for the thoughtful consideration given by so many to the project's goals.

To those who have not as yet taken part in the suggested review of policies and procedures, and to those in the business community who might not be aware of the project, the Council expresses the hope that each will initiate its individual review now. For this reason, copies of the full texts of the original letters have been included in Appendix A. No "deadline" is envisioned for the project, since its very concept relies upon continuing reevaluation of internal mechanisms to insure the highest levels of advertising and promotion practices.

Finally, it is expected that the report will be of interest and use to individual consumers, to students and academicians, to quasi-public self-regulatory bodies, and to the several Government agencies concerned with advertising and promotion practices. It is the Council's hope that all can join in encouraging further efforts to review and improve individual procedures designed to benefit consumers and business alike.

II. Some Definitions, Changing Boundaries, and Recognition of Roles

Some Definitions

In all stages of the project, the Sub-Council has recognized the importance of understanding the relationship of advertising and promotion to consumerism today. In this regard, it recognized at an early stage the importance of attempting to define terms and identify attitudes concerning concepts with which its members frequently would be involved. Key among these are "advertising and promotion" and "consumerism".

Many have come to regard the marketplace as increasingly complex, and the relationship of buyer and seller as increasingly remote and impersonal. It seems only natural that, in the midst of this apparent complexity and impersonality, the public in its role as consumer has focused its attention and its demands increasingly in recent years on the most "visible" functions performed by business: advertising and promotion. As a result, increasing debate has surfaced in areas such as the relative roles to be performed, and relative "good" and "bad" caused, by elements of persuasion, information, and taste in advertising. Consumer concern, then, has come to center more and more on the marketing functions leading to a decision to buy. It asks increasingly whether the function of advertising should be to inform rather than to persuade, whether the function of promotions serves to add to cost rather than to clarity in an already complex marketplace.

Rather than turn its attention to examining the strengths known to exist in the use of advertising and promotion, the Sub-Council determined that it would look first at the frailties that might be found. With this priority in mind, it decided to begin its work by encouraging individual review of companies' internal policies and procedures.

At the same time, the members agreed that "advertising and promotion" would be understood for the Sub-Council's purposes as including virtually any communication to a consumer, and that the efforts of the Sub-Council would be aimed

at making advertising and promotion both more credible and more creditable.

As for "consumerism", the need for a working definition was sorely felt. It was decided that the Sub-Council's definition of, and attitude toward, consumerism should reflect two vital concepts: expectations and evolution. The result: "consumerism" is to be thought of as . . . "the growing framework of expectations with which the consumer views the business establishment".

Changing Boundaries

The boundaries involved in concern over advertising and promotion practices are seen by the Sub-Council as changing, expanding, shifting.

Thus, for example, it is recognized that concern today among consumers, and among regulators, has gone well beyond the problems of the bare truth of competitive claims. It encompasses at least questions of taste, of the relative roles of persuasion and information, of rational and emotional appeals made by advertisements, of varying impact among various special audiences, as well as questions of unfairness.

In addition to the clear expansion of the range of concern, a shifting of boundaries is seen in the apportionment of concern as between protection of competition and protection of consumers. The most salient example is found in the increasing interest expressed by regulatory agencies of Government, notably the Federal Trade Commission, in applying the test of "unfairness", and not just "deception", to an advertiser's dealings with consumers. Formerly applied primarily to antitrust cases involving the impact of practices upon competitors, the concept of "unfairness" is being examined closely for possible application to advertising formerly tested primarily on the basis of its truthfulness.

Recognition of Roles

Particularly in view of the shifting boundaries of concern, it has seemed important to consider the proper roles of several entities involved in the regulation, control, and ultimate determination of advertising and promotional practices.

The Sub-Council continues to reaffirm its recognition of a proper role, indeed a much needed role, for Government participation in the regulatory process. Much the same recognition is evidenced in many of the responses from chief executive officers to the Sub-Council's letter. It also has been noted, however, that acceptance of Government's role is most unanimously and enthusiastically accorded in the more traditional area of "deception", and particularly in instances involving the health or safety of consumers.

For these reasons, the Sub-Council has considered it appropriate to express encouragement and support of the Federal Trade Commission's efforts to collect information broadly on modern advertising practices, with emphasis upon empirical data, during its hearings in October and November of 1971. It is felt that the hearings may be considered successful if the data obtained from them contribute to maintaining a proper and balanced role for Government's regulatory priorities within the changing boundaries.

Similarly, the Sub-Council recognizes a continuing and growing role for programs of voluntary self-regulation in advertising through joint efforts. In this context, its members have extended equal support and encouragement to the work of several groups (the Council of Better Business Bureaus, the American Association of Advertising Agencies, the Association of National Advertisers, and the American Advertising Federation) culminating in the establishment of the National Advertising Review Board. Again, frequent expressions of support for the contributions to be made by this newly created self-regulatory body have been voiced by chief executives in their communications to the Sub-Council.

Interestingly, the changes in boundaries of concern already have had an impact upon the National Advertising Review Board, which originally had intended to devote its efforts to problems of deceptive advertising. While specific cases involving individual advertisers will continue to concentrate on issues of truth and accuracy, the Board at an early stage voted to expand its concern to include problems of taste.

Finally, and most important to the selection of its own priorities, the Sub-Council has focused on the broad scope of the role that can be played by individual corporate responsibility. It continues to be convinced that individual commitment to high standards of practice can affect all aspects of advertising and promotion of concern to the public, can appropriately offer improvements when needed in the areas of persuasion, information, and taste . . . can, in short, make contributions with the flexibility and creativity required by changing expectations and boundaries.

For this reason, the members continue to urge the personal involvement of the chief executive officers of the nation's advertisers in the development and review of individual policies and procedures.

III. Identification of Policy and Procedures, Suggestions for Implementation, and Awareness of Values

Identifying Policy and Procedures

Responses received from national advertisers confirm the Sub-Council's conviction that an important role can and should be played by statements of policy and by specific procedures related to the planning, approval, and implementation of a corporation's advertising and promotion activities.

Understanding and acceptance of the role of advertising and promotion policies and procedures, and commitment to it, involve the need to identify clearly the nature of a statement of "policy" and of a set of "procedures".

Included among the definitions of "policy" are: "prudence or wisdom in the management of affairs" and "a definite course or method of action selected from among alternatives . . . to guide and determine present and future decisions". "Procedure" is defined as: "a particular way of accomplishing something or of acting" and as "a series of steps followed in a regular definite order". In its request to corporate chief executives, the Sub-Council intends that all of these elements be encompassed.

In a context specifically related to corporate practices, the Conference Board has defined "policies" as follows: "Policies are written statements of an organization's goals and intent that are stated in broad, long-range terms, and which express or stem from the philosophy or beliefs of the organization's top authority."

Attempting to differentiate policies and procedures, the Conference Board concluded that *policies* should focus on "why" and therefore deal with principle and philosophy, whereas *procedures* deal with "how", with methods. In any case, it went on to state: "*Practices* are what is actually done, whether or not it is related to long-range objective. Every company has practices, whether or not it has policies."

While these definitions may seem simple, each of the concepts reflected in them is evidenced both in the purpose of the Sub-Council's project and in advertisers' responses in which comments were volunteered on the development and

use of policies and procedures. Each of these concepts continues to merit frequent and thoughtful consideration at the highest levels of corporate management.

In their letter to national advertisers, the members of the Sub-Council ask that both policies and procedures be considered, or reexamined, stressing one element: the importance of being specific. Thus, in summarizing the request made by the Sub-Council, the letter concludes: "Simply stated, it involves an individual effort to seek maximum specificity in your own policies and procedures relating to every facet of marketing as it affects the consumer".

The Sub-Council urges all members of the business community to join with it in the recognition of the role that such specific statements of policy and procedure can play in assuring that the advertising and promotion practices of a corporation reflect the beliefs and principles of the corporation as articulated by its top management.

Suggestions for Implementation

In describing its request to chief executive officers, the Sub-Council's letter continues: "It involves recognition of the importance of reducing such a policy statement to writing, the importance of top management involvement in the development of these statements, and the equal importance of disseminating them to every person in the organization involved in advertising and promotion."

Volunteered reactions to these suggestions for implementing a corporation's advertising and promotion policies and procedures are overwhelmingly favorable, and serve to confirm the Sub-Council's commitment to them.

In view of their importance to the ultimate success of the project, the Sub-Council believes that each of the suggestions merits restatement in the form of specific recommendations, as follows . . .

- **1. THE CHIEF EXECUTIVE OFFICER OF THE CORPORATION SHOULD BE INVOLVED IN THE DEVELOPMENT OF THE STATEMENTS OF ADVERTISING AND PROMOTION POLICY AND PROCEDURES.**

  The basic beliefs, philosophy, principles, and long-range goals of a corporation are molded by its top management. If these are to be reflected in the company's advertising and promotion practices, the chief executive officer must take an active part in the development of policies and procedures relating to those practices. In addition, his interest in, and commitment to, these statements must be made known to all individuals associated with the organization's advertising and promotion functions.

- **2. THE STATEMENTS SHOULD BE REDUCED TO WRITING.**

  The Sub-Council believes that, unless statements of policy and of procedure are set forth in written form, they cannot serve effectively the primary goal of the project: promoting the maintenance of the highest levels of advertising and promotion practices.

  Unwritten statements may serve some individuals in some corporations for some limited time, but they are far more apt to be open to the making of exceptions. To avoid both intentional and unintentional exceptions, the statements of policy and of procedures must be clearly communicated. The members of the Sub-Council can recommend no more effective way to achieve the requisite clarity than the preparation, dissemination, and continuing review of written statements.

  Policies and procedures are seen as involving a process of choice, of decision, of selection among competing alternatives. Such basic choices merit the clarity that can result only from the discipline of reducing the decisions to writing.

- **3. THE STATEMENTS SHOULD BE DISSEMINATED TO ALL INDIVIDUALS INVOLVED IN THE ORGANIZATION'S ADVERTISING AND PROMOTION FUNCTIONS.**

Unless every person having a responsible role in the planning and preparation of the corporation's advertising and promotion strategies and executions clearly understands the policies and procedures, and unless each realizes the commitment of the chief executive officer to their observance, the practices of the organization will not reflect the desired policies.

Thorough, unambiguous, and continuing dissemination of the policy and procedure statements to all who affect the company's practices is essential. This includes not only the organization's own personnel, but also such key groups as its advertising agencies and any outside organizations contributing to its contacts with consumers in promotional and related packaging efforts. In short, the beliefs and principles, as well as the goals, of the corporation must be made clear to all those who design and implement its communications to consumers.

● **4. THE STATEMENTS SHOULD BE MADE AVAILABLE TO INTERESTED INDIVIDUALS OUTSIDE OF THE ORGANIZATION.**

Individual advertisers are urged to consider means of advising consumers of management's willingness to make non-confidential statements of advertising and promotion policy available for review . . . and of management's interest in receiving comments and suggestions on these statements from all sincerely interested in maintaining high levels of practice.

If a corporation's management is willing to have its advertising and promotional policies known, the implication is clear that the organization has developed policies and procedures of which it is proud and by which it is willing to be judged.

Granted that different interest groups may choose to give different meanings to the same words, the Sub-Council believes that it is preferable to have those meanings discussed in an open fashion than to have

misunderstandings result from lack of communication and discussion.

Granted also that the ultimate benefits to all concerned are to be found in the company's practices, in its specific advertising and promotion executions, it is felt that receptivity to comment on the policies and procedures which help mold those practices can help anticipate potential misunderstanding at an early and actionable stage.

- **5. THE STATEMENTS SHOULD BE SUBJECT TO CONTINUING REVIEW AND REVISION.**

  Commitment to such continuing review will help assure that the statements of policy and procedure keep pace with changes in corporate goals, in advertising and promotion techniques, and in consumer expectations.

  Advice as to the occurrence or likelihood of change calling for revision of these statements can and should come from all individuals involved in the organization's advertising and promotion functions. It is recommended, however, that the leadership in reviewing these statements be provided by the chief executive officer as it was in their initial preparation.

Awareness of Values

As the process multiplies . . . as an increasing number of statements of advertising and promotion policies and procedures are written, as existing statements are given more frequent review, as an increasing number of chief executive officers become more deeply involved in such statements, as larger numbers of advertising and promotion practitioners become more clearly aware of their chief executives' concern that practices live up to successfully conveyed principles . . . who will benefit?

In the Sub-Council's view, the main beneficiary will be the consumer, and the process should be of real value to all

involved in it and to all affected by the corporation's advertisements and promotions.

To the chief executive officer and other members of top management, it can provide further assurance that intense and frequent thought is given to the selection, articulation, and dissemination of principles affecting the corporation's every communication to consumers. Advertising and promotion deserve the same caliber of attention, and at the same high corporate levels, as does any major corporate activity, including capital investment. The recommended use of policy and procedure statements should contribute to making sure such attention is provided.

To those involved directly in the corporation's advertising and promotion functions, the process can provide helpful direction. It can, for example, provide a product manager, or advertising director, engaged in a competitive battle for market share, with the awareness that the success of his efforts will be measured in part by adherence to clearly stated corporate policies which reflect recognition of changing consumer expectations.

Most important, the ultimate benefits of the process will accrue to the public, chiefly in its role as consumer, but also in its roles as employee and as stockholder.

As chief executives become increasingly involved in setting forth these policy statements, and as all levels of management become increasingly sensitized to the principles contained in them, consumers should witness increased receptivity to their legitimate expectations of advertising and promotion practices. To the extent that consumers' awareness of this receptivity is earned, increasing confidence in advertising and promotion will benefit directly the employees and stockholders of the corporation.

As this occurs, the Sub-Council will consider its project successful in contributing to the goal of helping to make advertising and promotion more credible . . . and more creditable.

IV. A Summary of the Response, Replies to Specific Questions, and Comments Volunteered

Summary of Response

The request for reexamination of individual corporate discipline of the advertising and promotion functions has received positive response. Some 630 advertisers have communicated with the Sub-Council to offer their reactions to the proposal. Included among these are corporations accounting for over eighty-five percent of the advertising dollars spent by the top 100 national advertisers, as reported by *Advertising Age*, June 21, 1971.

The qualities of enthusiasm and of commitment reflected in many of the executives' replies were evidenced in many ways, several of which are discussed below.

The responses as a whole expressed a sense of commitment to the Sub-Council's goals. Well over ninety percent of the replies received indicated support for recommendations contained in the Sub-Council's letter. Only 42 companies stated that the project was not applicable to them, giving reasons such as the fact that their promotional activities were limited to extremely local efforts and thus were far from "national", or that their advertising involved highly institutional "non-consumer" markets. The Sub-Council believes, however, that the concepts of chief executive involvement, and of development and use of written statements of policy, can be helpful to all companies. While the request was made initially in terms of national advertising directed primarily to consumers, all advertisers are urged to consider the basic recommendations made.

Recognition of the importance and wide applicability of the project's purpose was reflected in the personal involvement of the advertisers' chief executive officers and top management in preparing the many responses. An example of this top level involvement is found in the very fact that some seventy-eight percent of the replies came directly from chief executive officers.

In addition, there were frequent expressions of appreciation for the opportunity to comment on the project and to take part in the individual review of advertising policies.

Approximately forty percent of the executives made a special point of commenting on the significance of the project and on their appreciation of the opportunity to make an individual contribution.

Similarly, approximately thirty percent of the responses sought further communication with the Sub-Council; the majority of these involved offers to help further the goals of the project.

Replies to Specific Questions

Primary reliance is placed upon the individual initiative and creativity of each advertiser to develop statements of policy and of procedures best suited to its own needs, goals, and beliefs. For this reason, the letter from the Sub-Council does not in any way attempt to survey the current practices of major national advertisers, and therefore does not ask for replies to a series of specific questions.

The letter does indicate, however, that it would be helpful to the work of the Sub-Council to receive expressions of the executives' thoughts on several subjects involved in the relationship of advertising and promotion to consumerism.

Key among these are the questions of the extent to which voluntary action could help in strengthening the credibility and creditability of the advertising and promotion functions, and the degree to which the role of the chief executive officer can contribute to such an effort.

A total of 392 of the responses received commented on the contributions that could be made by voluntary action, and 335 discussed the importance of the chief executive's participation. Virtually unanimous support was expressed for the further contributions that could be made by voluntary action and by top management involvement.

Only 13 of the replies expressed any reservations concerning the future role of voluntary efforts; in general, these tended to reflect concern over the limitations to dependence on individual ethics. A total of 5 indicated concern over the

possibility that the impact of the chief executive officer might be limited, or that reliance on advertising professionals might be preferable.

In contrast, some ninety-eight percent of those commenting on the two subjects were wholehearted in their endorsement of the potential contributions to be made. For example . . .

> "Voluntary action must be the keystone to strengthening the credibility of business and specifically of the advertising and promotion functions. Each advertiser must be his own conscience. That cannot be delegated."
>
> "The chief executive officer must contribute to such an effort, or it will certainly fail. His participation should be in the form of both example and supervision, and he must satisfy himself that the members of his organization are performing according to corporate standards."

With comments such as these, many of the executives not only expressed support for the roles that could be played by voluntary efforts and by chief executives in resolving consumerism issues in a positive manner, but also confirmed the applicability of both to the Sub-Council's specific project involving the use of statements of policy and procedures.

Comments Volunteered

While the Sub-Council's letter to advertisers does not purport to survey existing practices, and as a result does not ask for information such as current use of written policies and procedures, a large number of executives volunteered helpful comments concerning their current practices and plans.

Thus, for example, 169 responses stated that written policies or procedures on advertising and promotion were being used by the given corporations.

However, 203 indicated that their companies did not have such statements in written form, but rather had relied on alternate routes to attain the desired discipline and adherence to corporate standards. These included companies

in regulated industries in which several additional checks on advertising practices were imposed or made available; companies selling technical products to highly sophisticated buyers in industrial markets in which sales often are made to specifications and with less reliance on advertising; and smaller companies using informal procedures and relying on a small group of highly sensitive and responsive managers in frequent contact with each other.

Those using written policy and procedure statements tended to reaffirm their value in helping to assure that the corporation's advertising practices lived up to its principles. Those volunteering reasons for not having used written statements often indicated their interest in reviewing current operations in an effort to determine whether the development of written policies and procedures could provide further assurance that the standards of the corporation would be maintained.

Many corporations have volunteered to send samples of their advertising and promotion policy and procedure statements in the hope that they might be helpful to others. To date, 110 such samples have been received. It is anticipated that many of them will, indeed, prove to be of assistance to other advertisers in developing, or in revising, their written statements.

Many of the replies . . . approximately forty percent . . . reflect specific examples of action undertaken directly as a result of the Sub-Council's letter to chief executives.

For example, 18 corporations stated that their management developed written statements of advertising policy or procedures as a direct result of the letter. Another 18 stated that existing statements had been revised or reviewed because of the Sub-Council's communication. Further, a total of 61 companies indicated that the letter had motivated their management to begin work on writing such statements, and another 147 stated that existing policies or procedures would be reviewed intensively to make sure that they had in fact kept pace with changing consumer expectations.

Many of those now writing statements for the first time, or in the process of revising existing ones, have indicated their desire to send samples to the Sub-Council as soon as available. These will be welcomed for the further assistance they will offer others interested in the project.

As just one example of the receptivity accorded the recommendations made by the Sub-Council in this project, the following are extracts from a statement made in March of 1972 by a major advertiser concerning the policy and procedure statements of its consumer foods division:

> "The policies that have long been in practice in (the division's) advertising are now also in print. In a statement issued this month, the division spells out its policy of commitment to the consumer, setting standards for social responsibility, accuracy and informativeness, and good taste, and for substantiating advertising claims in its public communications.
>
> . . . copies of the statement were sent, early in March, to everyone directly involved in the division's advertising and marketing communications. This includes marketing directors, product managers, and personnel of agencies handling (the division's) accounts.
>
> Here are some of the points the policy statement makes:
>
> - This policy statement is applicable to all (division) personnel, the personnel of its advertising agencies, and the personnel of any other body involved in the planning, creation, implementation, production, or transmission of advertising, promotional materials, labeling, or publicity for any (division) brand. These various modes of expression are referred to here, individually and collectively, as '(The Division's) Communications'.
> - All communications must be straightforward and accurate, and not deceptive or misleading.
> - All communications claims require substantiation by

appropriate information regarding use, contents, and nutritional values.

- Claims and comparisons in (the division's) communications will portray the product in normal use, not abnormal use, without exaggeration or cosmetic adulteration. Backing our conviction that products will perform as promised, (the division's) product labels carry an unconditional 'Money-back guarantee' of consumer satisfaction.
- Although taste is a subjective matter, (the division's) communications will observe what we believe to be high standards of good taste and contemporary values, and will respect the values and sensitivities of minorities and special groups.
- Violence will not be portrayed in (the division's) communications.
- Communications addressed specifically to children will contain nothing which seeks to exploit their immaturity or which might result in harm.
- All factual claims will be substantiated in writing with whatever supporting data are required to back up each claim. Recipes and instructions for use must be evaluated and pre-tested before publication for accuracy, clarity, and performance.
- In addition to the approvals required by established procedures and the expert scrutiny to which factual claims are subjected, the subjective claims and general good taste of (the div...'s) communications must also be submitted to whatever evaluations are considered necessary or desirable under the circumstances."

Additional illustrative policies and procedures appearing in Appendix B provide examples of other specific statements that have proven useful to individual companies. Further examples are available for review at the library of the U.S. Department of Commerce in Washington, D.C.

V. In Summary, The Need for Individual Initiative and Continuing Review

In Summary

In its suggestions for developing and implementing corporate advertising and promotion policies and procedures, the Sub-Council has recommended specifically that:

- 1 THE CHIEF EXECUTIVE OFFICER OF THE CORPORATION SHOULD BE INVOLVED IN THE DEVELOPMENT OF THE STATEMENTS OF ADVERTISING AND PROMOTION POLICY AND PROCEDURES.
- 2 THE STATEMENTS SHOULD BE REDUCED TO WRITING.
- 3 THE STATEMENTS SHOULD BE DISSEMINATED TO ALL INDIVIDUALS INVOLVED IN THE ORGANIZATION'S ADVERTISING AND PROMOTION FUNCTIONS.
- 4 THE STATEMENTS SHOULD BE MADE AVAILABLE TO INTERESTED INDIVIDUALS OUTSIDE OF THE ORGANIZATION.
- 5 THE STATEMENTS SHOULD BE SUBJECT TO CONTINUING REVIEW AND REVISION.

In addition, the Sub-Council stresses the importance of individual decision, individual motivation, and individual action to the ultimate success of the project.

While the statements of other companies may provide helpful clues and conceptual check lists, the task of writing the policy and procedure statements, and of providing continuous review, must rely on the individual ingenuity and creativity of each corporation's top management. Only in this way can the statements truly help assure that the corporation's communications to consumers reflect its basic goals and principles. As stated by the Sub-Council's Chairman prior to the launching of this project:

> "If consumerism is to become a dominant value in our system . . . and it must or our system will disintegrate . . . the motivation must come from the management. It is the duty of management to police ambivalence, anachronism and dichotomy in the company's policies and actions—to put it a bit more bluntly, the conscience of a corporation must be spelled out by the leaders . . . From the top executive level to the operating level to those who meet the public, the attitude of business must reflect the most positive nature of consumerism."

Appendix A

The Letters

Text of the letters sent by the Secretary of Commerce and the NBCCA Sub-Council on Advertising and Promotion to national advertisers on November 17, 1971.

Text of Secretary Stans' Letter

Dear _____:

I am writing to you to seek your help on a matter of vital importance.

On August 5, 1971, the President created the National Business Council for Consumer Affairs to "advise the President, the Office of Consumer Affairs, the Federal Trade Commission, the Department of Justice, and other Government agencies as appropriate . . ." through the Secretary of Commerce. Since its organizational meeting on August 5, 1971, the Council and its several Sub-Councils have reflected in their work the interest expressed by the President in encouraging voluntary activity by business leaders to help foster "a marketplace which is fair both to those who sell and those who buy".

The Council's initial action in this effort has taken the form of the recommendation of its Sub-Council on Advertising and Promotion that each national advertiser, on an individual basis, seek to develop, or review, specific policies and procedures related to its advertising and promotion functions. The objective is to demonstrate the desire of business to meet consumer expectations by voluntary action.

The specific recommendations are described in the attached letter. I ask that you give them every consideration and hope that you will take part actively with the Sub-Council in its proposal. I am convinced that this kind of voluntary action, given the personal commitment of all concerned employees, can provide tangible benefits to the consumer and the business community.

Sincerely,

Secretary of Commerce

Attachment

Text of Sub-Council Letter

Dear _____:

On behalf of the National Business Council for Consumer Affairs, we are writing to you, as a major advertiser in the United States, to ask that you take part . . . on an individual basis . . . in a proposed step to help assure the highest levels of advertising and promotion practices benefiting both consumers and business.

We write to you today, and with a sense of urgency, in view of the intense interest currently being expressed, by all elements of our society, in the impact of advertising and promotion on our economy and our citizens. Concern is voiced, virtually on a daily basis, by private individuals, by people in government, by members of the business community.

Among the many proposed responses to this concern, two are perhaps most salient today. Both, we think, merit support and encouragement.

One is the interest expressed by the Federal Trade Commission in seeking to collect information broadly on modern advertising practices, without reference to any particular regulatory proposal, during its hearings in October and November of this year.

The second is found in the recent efforts of several groups (the Council of Better Business Bureaus, the American Association of Advertising Agencies, the Association of National Advertisers, and the American Advertising Federation) to support means of establishing effective voluntary self-regulation in advertising through the creation of the National Advertising Review Board.

The President, in his Consumer Message of February 24, 1971, stated that: "Most businessmen recognize and accept their responsibility to the consumer, and in many cases they have voluntarily undertaken efforts to assure more fully that these responsibilities are met throughout the business community." President Nixon, in this message, called for the creation of the National Business Council for Consumer Affairs: "To emphasize and encourage such voluntary activity. . ."

At the first organizational meeting of this new Council in August, the Sub-Council on Advertising and Promotion began its work by attempting to establish priorities for its members' analysis and action. The areas among which priorities might be chosen were many, reflecting the fact that con-

cern today has gone well beyond the bare truth of competitive claims and encompasses questions of taste, of the relative roles of persuasion and information, of rational and emotional appeals, of impact upon various types of audiences, etc.

In discussing the programs which might be developed by the Sub-Council, we agreed at the outset that we should look first at the frailties that may be found in the use of advertising and promotion . . . before examining the strengths that we all know exist. In this way, we believe that our work will avoid the kind of pitfall described by Melvin Anshen in his article entitled, "Changing the Social Contract: A Role for Business," appearing in the November-December, 1970, issue of the *Columbia Journal of World Business:*

> "The record of recent public efforts to revise some of the rules of private business behavior (as in grocery product packaging, consumer credit terms, air and water contamination, and automobile safety) suggests . . . that business firms and their managers will not be allowed to participate in revising the rules if they volunteer their assistance only after their demonstrated resistance to any change has been overcome."

Whether we were to find ourselves participating in "revising rules" at an early stage, or in the equally, and perhaps more, important work of identifying as yet unarticulated areas in which our practices might be even further improved, our Sub-Council began by attempting some definition of words that often would be used. We should like to share two with you.

First, "advertising and promotion." We agreed that "advertising and promotion" would be understood for our purposes simply as including virtually any communication to a consumer . . . and that the work of the Sub-Council would seek to help make advertising and promotion more credible . . . and more creditable.

Second, "consumerism." Each of us has repeatedly heard of the apparent "gap" between the interests of buyers and sellers, each of us has heard of and talked about something called "consumerism," but few of us have reached agreement on a useful definition. We decided to think of consumerism as: "the growing framework of expectations with which the consumer views the business establishment". With this definition in mind, we believe we will be able to continue to

recognize an essential facet of the reality of consumerism: that it is alive, growing, and constantly changing; that it is not a static set of problems seen today and readily solved tomorrow; rather, it reflects changes in values, attitudes, ethics and taste as they occur in our society.

Given this recognition of change in expectations, our Sub-Council has agreed on attempting to implement a proposed "first step." It is in this "first step" that we ask you to join us.

Simply stated, *it involves an individual effort to seek maximum specificity in your own policies and procedures relating to every facet of marketing as it affects the consumer.* It involves recognition of the importance of reducing such a policy statement and specific procedures to writing, the importance of top management involvement in the development of these statements, and the equal importance of disseminating them to every person in the organization involved in advertising and promotion.

For many, it means a review of existing written policies, rather than the development of new ones. For all, it represents an opportunity to make certain that all such policies and procedures, and the extent to which they reflect management involvement and win employee commitment, have in fact kept pace with the evolution of consumer expectations and of modern advertising practices.

We sincerely hope that you will take part in this proposed step with us. It is a step which relies for its success on individual decision, individual motivation, and individual action. As such, it could contribute far more than legislation or than group action to fostering "a marketplace which is fair both to those who sell and those who buy," a goal stated in the President's Consumer Message of 1969.

It is our hope that you will be able to reply to us, within the next two weeks, with an expression of your interest in pursuing this proposed "first step" in your company.

It would be extremely helpful to us if you would include also in your reply an indication of:

1. the extent to which you believe voluntary action can help in strengthening the credibility and creditability of the advertising and promotion functions,
2. the degree to which you believe the role of the chief executive officer can contribute to such an effort, and

3. the availability of any examples you may have of actions you have taken that might be of immediate help to us.

In addition, if you have strong feelings about specific advertising and promotion practices in your industry which you feel might be appropriate for discussion by the Sub-Council on Advertising and Promotion, given our purpose to help motivate individual voluntary action of benefit to consumers and business, please feel free to express your thoughts to us.

For your information, we are attaching a list of the members of our Sub-Council. We ask that you communicate your interest in our suggested "first step" to us at this address:

National Business Council for Consumer Affairs
U. S. Department of Commerce
Room 4814-A
Washington, D.C. 20230

We look forward to receiving your initial reaction within the next two weeks. Also, whenever you have examples of written policy statements and procedures on advertising and promotion, or revisions of such statements, which you feel could be used to help others, we should be happy to receive them for our information and for any assistance we could offer in making them available to other national advertisers who might request help in the form of specific examples.

Sincerely,

Robert J. Keith
Chairman, Sub-Council on
Advertising and Promotion

Archibald McG. Foster
Vice-Chairman, Sub-Council on
Advertising and Promotion

Attachment

ATTACHMENT

National Business Council for Consumer Affairs Sub-Council on Advertising and Promotion

Chairman:

Robert J. Keith
Chairman & Chief Executive Officer
The Pillsbury Company

Vice-Chairman:

Archibald McG. Foster
Chairman & Chief Executive Officer
Ted Bates & Company

Members

Thornton F. Bradshaw
President
Atlantic Richfield Co.

Henry H. Coords
President
Fisher-Price Toys

Justin Dart
Chairman, President & Chief Executive Officer
Dart Industries, Inc.

Alfred Eisenpreis
Vice-President, Marketing
Allied Stores Corp.

Stuart K. Hensley
Chairman & Chief Executive Officer
Warner-Lambert Company

Barron Hilton
President & Chief Executive Officer
Hilton Hotels Corp.

Hobart Lewis
President & Chief Executive Officer
The Reader's Digest Association, Inc.

Edgar H. Lotspeich
Vice President, Advertising
Procter and Gamble Company

John J. Riccardo
President
Chrysler Corporation

Grant G. Simmons, Jr.
Chairman & Chief Executive Officer
Simmons Company

V. J. Skutt
Chairman & Chief Executive Officer
Mutual of Omaha Insurance Co.

William S. Smith
President & Chief Executive Officer
R. J. Reynolds Tobacco Company

Stuart D. Watson
President & Chief Executive Officer
Heublein, Inc.

Executive Secretary

Gerard C. Iannelli
Director of Legal Programs, NBCCA
U.S. Department of Commerce

Appendix B

**Policy and Procedures,
Some Specific Examples**

Illustrative statements of policy and procedures selected from the examples submitted to the Sub-Council in the hope that they might be of help to others.

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An Apparel Manufacturer

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An Electronics and Scientific Equipment Manufacturer

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A Local Utility Company

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An Industrial Equipment Manufacturer

46 **Example 8**
A Household Products Manufacturer

51 **Example 9**
A National Food Producer

Example 1

An Apparel Manufacturer's "Guidelines on Advertising and Promotion Copy"

Advertising

1. The company considers advertising as a means of communication to our customers and potential customers. It is company policy to adhere to a strict interpretation of truth in advertising. By this we mean that not only must our advertising be technically truthful but it also must never attempt to distort the truth by manipulation of words, phrases or illustrations/video techniques.
2. Any product claims the company makes must be backed up by provable fact.
3. It is the function of advertising to sell products but this must never be accomplished by disparagement of our competitors.
4. Company advertising must always be in good taste. Although the question of what constitutes "good taste" is obviously subjective, we will operate under the general guideline that where company advertising personnel, upon reviewing ads, feel the ads to be in questionable taste, alternative copy approaches will be used. In particular, every attempt will be made to minimize if not eliminate completely the use of sexual appeals in our advertising.
5. Although all of the above guidelines will apply to advertising directed at children and young adults, additionally, no attempt will be made to use copy appeals or visual devices that would take advantage of their less mature judgement regarding product communication.

Promotion

1. The company considers promotion to be an extension of its advertising. Therefore, the same rules apply to promotion that apply to company advertising.
2. The company maintains a cooperative advertising plan by means of which retailers can advertise the company's products and receive partial compensation from the company. Theoretically, this advertising is under the direct control of the retailers. However, the company still feels an obligation to exert its influence to attempt to make retailer advertising that uses company money subscribe to the above copy guidelines. Therefore, a "good taste" clause will be inserted into all written cooperative advertising plans and retailer's ads that do not comply with this clause will be rejected for payment. Additionally, the company will expose retailers to the above guidelines and suggest that they be adopted for use in retail advertising programs.

Example 2

A Toiletry Products Manufacturer's Policy and Procedures for Advertising and Labelling

Policy Governing the Accuracy and Qualitative Communications Values of (the Company's) Advertising

It is the stated policy of the . . . Company and its Divisions that advertising prepared for any of the Company's products shall be entirely accurate in every respect. To assure such accuracy, all advertising containing claims for product performance must have available documentary support for those claims as specified by responsible medical and legal personnel.

It is also the policy of the . . . Company, as stated to its Divisions' marketing personnel and advertising agencies, that all advertising must be clear, simple, and in good taste to be approved for use. Advertising which exaggerates product performance—or is otherwise misleading or in questionable taste—will not be acceptable.

Adherence to these policies is monitored on a continuing basis by both divisional and corporate management.

Summary of Procedures for Substantiating Advertising and Labelling Claims

To ensure compliance by the Company with product safety and efficacy standards set by management and those required by law and to discharge its responsibilities to the public, the following procedures are to be followed. These relate both to research and development of new products and changes in existing products. While they concern primarily testing requirements for safety of all products and efficacy of drug products, they also serve as the basis for testing procedures to substantiate advertising and labelling claims concerning effectiveness of our toiletry and cosmetic products:

1. No Division or Subsidiary of the Company will market a product until all applicable medical, technical, and legal clearances as determined by Company policies have been obtained from the Medical Evaluation Laboratories of The . . . Company Research Institute and the Company's legal counsel.
2. It is an additional objective of the Company's policy that all product claims in advertising, labels, and labelling be substantiated by adequate data prior to their use.
3. Each Division will be responsible for submission of the following information:
   a. development plans in the initial stages for review to determine the data necessary to substantiate proposed product claims;

b. advertising, label, and labelling together with data to support the claims for purposes of review and clearance prior to their use.

4. The responsibilities of Medical Evaluation Laboratories with respect to advertising, label, and labelling claims are as follows:
   a. Review development plans to determine the data necessary to substantiate proposed product claims as they relate to safety and efficacy.
   b. Supervise all clinical trials for effectiveness of all Company drug and medical device products.
   c. Consult with and advise Divisional Laboratories and legal counsel as to substantiation of all claims made in advertising, labels, and labelling; assist in determining whether tests in substantiation of such claims should be conducted and by whom; and approve advertising, labels, and labelling claims when it determines that the medical safety and drug efficacy claims made therein are adequately substantiated by competent data prior to their use or where tests to support such claims have been conducted under the supervision of the Company's Medical Evaluation Laboratories.

Example 3

A Household Appliance Producer's "Statement on Policy and Guidelines for Advertising and Promotion"

The primary role of (the Company's) advertising and printed promotional materials is to inform potential customers of the following:

1. What products we sell
2. Where to buy those products
3. Price or price bracket of those products
4. Exclusive features
5. Desirable features
6. Product specifications
7. Service and warranty policy

To accomplish the above, our advertising and promotion must, of course, get the consumer's attention and hold her attention. However, any attention getting device used must be factual, truthful and must not lead the consumer into believing that she will receive more from a (Company) product than she will in fact receive.

All (Company) advertising and promotion will also conform to those guidelines established by the Association of Home Appliance Manufacturers, Gas Appliance Manufacturers Association, and American Gas Association.

This statement of policy also refers to all cooperative advertising in which the (Company) name is used and/or in which we share in a portion of the cost. No (Company) funds are to be expended for advertising that does not conform to the above statement of policy.

A copy of this statement must be issued to all personnel in Advertising and Marketing, who are in a position to prepare advertising or make decisions in advertising areas. This includes all agencies and suppliers who prepare advertising and/or promotional materials for (the Company).

Example 4

An Electronics and Scientific Equipment Manufacturer's "Statement of Policy and Procedures Regarding Advertising and Promotion"

It is the policy of (the) Corporation to conduct its advertising and promotion in a truthful, ethical and forceful manner so its messages are readily and clearly understood by the hard-of-hearing public, the professional community, and the hearing aid industry. "Advertising and Promotion" is understood to embrace virtually all forms of communication to the above groups.

To insure the highest level of credibility and creditability, the following procedures are adhered to:

1. Advertising and promotion copy is reviewed to make certain it meets the ethical standards set forth by the Hearing Aid Industry Conference and the F.T.C. trade practice rules for the hearing aid industry.
2. Advertising and promotion copy is reviewed by legal counsel to assure clarity and to avoid any possible misstatements.
3. Advertising and promotion copy is reviewed by a Ph.D. audiologist to ensure that statements regarding the psycho-acoustic benefits of our products are meaningful and accurately portrayed.
4. On a monthly basis, all advertising and promotional plans are reviewed by a special group of key marketing and agency personnel. Periodically, policies are re-examined and major decisions are made to ensure the continued efficacy and credibility of our advertising and promotion.
5. All general and product advertising claims are substantiated or documented by our research and development staff of engineers. This involves the development of supportive data which is quantified, annotated, and consolidated into special files relating to specific (Company) products or general advertising claims.
6. Approved and recommended advertising and promotion for authorized (Company) dealers is outlined under (the Company's) co-operative advertising allowance program. Only that advertising—or special advertising and promotion submitted for prior approval by dealers—is eligible for co-operative advertising. This procedure ensures a high degree of ethical advertising by our authorized dealers.
7. New national and local advertising and promotion, whenever possible, is pre-tested to determine its effectiveness and reception by the public. This procedure can reveal potential or possible misconceptions regarding the advertising message which can be corrected before it is utilized on a broad basis.
8. (The Corporation) and its advertising agency are active members and supporters of the Association of National Advertisers (A.N.A.) and the American Association of Advertising Agencies (A.A.A.A.), respectively. These organizations promulgate and foster the highest standards of truthful and tasteful advertsing and promotion.

Example 5

An Office and Data Processing Equipment Manufacturer's "Statement on Advertising Policy and Procedures"

As a multi-product company, we realize that our business grows out of a long-term relationship with customers. This relationship cannot be built upon exaggerations or misleading claims. So our advertising *must* reflect corporate policy based on providing honest value and the best service possible.

When implementing communications programs, our policy has been—and always will be—to have our advertisements based on the functions of the products themselves. This means advertising geared:

1. To *inform* the business community about our complete line of products.
2. To *educate* them on the operation of these products and the benefits derived from using them.
3. To *provide* rational, logical reasons for interest in the products.
4. To *reflect* our corporate character and standing in the social community.

In further support of this, the following specific rules should be followed:

1. All claims with respect to performance and money-saving must be capable of being substantiated, and must be relevant to a prospect's business requirements.
2. Phrases such as "more than" or "less than" must represent a significant amount in relation to the price, savings or product feature described.
3. When testimonials or case histories are used, they must be strictly factual and supportable, with names available on request.
4. At all times, the prospective customer must be given an honest evaluation of what the product represents and how it performs.
5. All promises, stated or implied, must be capable of being fulfilled.
6. Illustrations must be such that the product is shown realistically as to color and size—in a setting which can be characterized as a "standard" business atmosphere, or if not, just silhouetted.

7. A premium must never be used as pure inducement to buy. Premiums, when justified, for one reason or another, should at all times be relevant to the market and low enough in cost so that they may be considered an attention-getter rather than extraneous inducement.

8. Promotion which might compromise the integrity of (the Company) must never be allowed to be mailed.

9. The light-touch approach is acceptable, but only if it can be described as "humor in good taste".

10. Advertising copy with unsupported comparisons–"better"–"faster"–"cheaper", etc., must be avoided.

11. Every promotional piece should be created with each of the following qualities in mind: integrity, good taste, good judgment, honesty.

In order to assure adherence to this policy all advertising is reviewed by the following on a regular basis: Director of Advertising, Divisional Vice Presidents and Marketing Directors, Assistant General Counsel, and the Vice President for Marketing.

Example 6

A Local Utility Company's "Policy on Advertising Principles"

Policy Statement

It is the policy of the . . . Company to maintain high ethical standards in advertising. All Company advertising should be truthful, positive and not picture or refer to competitive products by name. Company advertising should not refer to safety of our product or the lack of safety of competitive products and not use comparatives and superlatives in describing the virtues of our product or associated appliances.

Reason for the Policy

As competitive advertising continues to be aggressive, it will be increasingly desirable that all people concerned with the preparation of (the) . . . Company's advertising have a clear and uniform understanding of our advertising principles.

Advertising Principles Which Will be Followed in Implementing the Policy

The following are the principles which will be followed in the preparation of all . . . Company mass media and collateral advertising:

1. *All advertising should be truthful.*
   In instances where advertising is based on measurable factors, the advertising should be consistent with the facts stemming from such measurement. In instances where advertising reflects opinion, the advertising should be believable and objectively credible.

2. *Advertising should not picture competitive products nor should the copy refer to competitive products by name.*

3. *All advertising should be positive in character.*
   Positive advertising refers to the benefits of the product being promoted rather than to the absence of undesirable characteristics of the product—particularly where those undesirable characteristics are necessary to, or typical of, a competitive product. For example, our advertising should promote electric living in all or in part as clean, modern, convenient, etc. It should not talk about the absence of pipes, odors, chimneys, etc.

4. *References to the safety of our product or the lack of safety in a competitive product should be avoided*

   Advertising should not include the words safe, safety, odors, smell or other descriptive words or terms that might reflect on the safety of competitive products.

5. *Comparatives and superlatives should not be used in describing the benefits of our product or associated appliances.*

   The use of the positive such as clean, cool, fast, is entirely in order. On the other hand, the comparatives and superlatives—cleaner, cleanest, cooler, coolest, faster, fastest—should not be used.

6. *Advertising should not be designed to deceive.*

   Advertising should not be presented in such a way that the reader or viewer draws a conclusion inconsistent with general practices or generally accepted facts even though the text of the advertising might, in itself, be entirely factual. Advertising should not, for example, attribute beneficial results to all customers based on unique applications of electricity. Statistics should be based on general or average usage, not extremes which might lead an average customer to expect benefits which he could not achieve without "extreme" use. Advertising directed to a specific customer segment should present benefits, savings, advantages, etc., that can normally be achieved by the typical or average customer in the group toward which the advertising is directed.

   All advertising offers shall be bona fide, and the merchandise or service offered shall be available for purchase, freely shown, and sold without disparagement, as set forth in the advertising.

7. *Flameless is an industry slogan adopted to symbolize all of the desirable characteristics of electric living and as such may appropriately be used in any advertising promoting electricity or electrical applications.*

8. *Testimonials should be sincere and honest.*

   Advertised testimonials should be only those of competent witnesses who are sincere and honest in what they say about the product or service.

9. *Guarantees and Warrantees should be explicit.*

Advertising of a Guarantee or Warranty should clearly and conspicuously disclose its nature and extent, as well as the manner in which the guarantor or warrantor will perform. When the space or time limitations of outdoor, television, or radio advertising prevent the inclusion of all details of the guarantee, it is understood that the guarantee will be bona fide, have Legal Department clearance and be fully supported by the . . . Company.

10. *Price advertising should be verifiable.*

Only value claims should be made which may be verified as prevailing at local competitive outlets at the time the advertisement is published or are related to the advertiser's own recent selling prices.

11. *Advertising should be in good taste.*

Advertising should be free of illustrations, statements, or implications which are in poor taste or are irritating or offensive. The interest of the public should always be considered foremost.

Elements to be Consulted in Applying Policy

All mass media and collateral advertising appearing over the Company signature should be prepared and cleared by the Public Information Department, Public Information and Legal Group.

Communication of Policy

The policy should be communicated by distribution of copies as indicated below.

Distribution of Policy Statement

Copies of the complete policy statement should be sent to the President, Executive Vice President, Vice President-Marketing Group, Marketing Department Heads, Vice President-Public Information and Legal Group and Manager, Public Information Department.

Frequency of Policy Review

Once a year . . .

Example 7

The "Corporate Policy and Procedures" on "Advertising and Promotion" of an Industrial Equipment Manufacturer

Corporate Policy and Procedure Bulletin
Advertising and Promotion

I. Purpose

The purpose of this bulletin is to establish uniform policies and procedures for those throughout the company who are concerned with advertising concepts and content.

II. Policy

1. (The Company's) advertising should tell its story so clearly, honestly, and believably that the reader will recognize and accept it as a sincere message deserving of confidence.
2. (The Company's) advertising shall not claim nor promise by implication any product performance or characteristic which is not fully supported by test or research data or other similar factual information.
3. (The Company's) advertising shall not constitute an act, omission to act, practice, representation or failure to represent, whether in oral, written or visual form, which would be misleading or deceiving to or could have the capacity or tendency to mislead or deceive the public or any customer in connection with the sale, lease or the offering for sale or lease of the Company's goods and services. Further, (the Company's) advertising shall be in accordance at all times with applicable Federal and State legislation, rulings of and regulations promulgated by Federal and State agencies, and with the common laws relating to advertising practices.
4. (The Company's) advertising, both in illustrations and text, shall be in good taste. It shall not violate moral principles nor shall it offend any ethnic, social, religious, or minority groups through direct or implied opposition or allusion to beliefs or principles.
5. The test of whether anything is permissible in advertising under (Company) policy is to ask: "Is it the truth? Is it believable? Is it in good taste?"

A fundamental Company objective is to "earn and maintain a profitable demand for its products by providing the highest attainable quality and service to its customers." This instills user confidence in the Company and its products. Advertising, too, is (a Company) product—it bears the Company name and trademarks. Therefore, it must promote confidence in the Company by careful devotion to honesty and quality.

III. Procedures

1. *Review and Approval of Plans and Budgets*

   A. So that combined programs may be evaluated and reviewed by the officers and other interested executives in the light of total Company activity, each division will submit to its Group Vice President with copies to the Director of Division Advertising and Corporate Identity the following:

      a. Complete advertising and promotion plans and attendant expenditures within the framework of the Company's standard advertising chart of accounts.

      b. Revisions to the plans as they occur.

      c. After review by the Group Vice President and the Director of Division Advertising and Corporate Identity, approval will follow from the Group Vice President's office.

2. *Clearance*

   The Company must exercise scrupulous guardianship over claims and statements made in all but not limited to its advertising, collateral promotion material, the use of its valuable trademarks, and the visual adherence to the Corporate Identity System.

   A. All material is to be sent to the office of the Director of Division Advertising and Corporate Identity for review and clearance in advance of publication. At the same time, it will be reviewed and cleared by the Legal Department for trademark and other purposes.

   B. Each division is to submit, prior to production:

      a. A photostat or other suitable reproduction of the division approved original layout of all advertisements including the approved text.

      b. Reproduction of each collateral printed piece prior to publication.

      c. Layouts, sketches, or other suitable evidence of intended graphic treatment and text to be used in trade shows prior to construction.

   C. All material will be reviewed immediately so that closing dates and deadlines will not be jeopardized.

3. *Distribution of Material*

   A. So that all interested Company executives see current advertisements and promotion material, divisions are requested to send to the Director of Division Advertising

and Corporate Identity, (25) reprints of all approved advertisements and other promotion material for distribution.

Note: Advertising reprints should include a "guideline" listing all publications in which advertisements are scheduled to appear and dates of issue.

4. *Advertising Evaluation*

All readership surveys by such testing methods as Daniel Starch Company, Mills-Shepard, Reader Feedback, Readex, etc. are to be sent to the Director of Division Advertising and Corporate Identity to aid in evaluating the Company's effort, when available.

5. *Testimonials—Firms and Personnel Used in Advertising*

A Testimonial is a strong endorsement for a company and its product. It helps to influence the buyer's favorable decision.

A. Care must be exercised in the use of such testimonials for two principal reasons. First, a user must not be offended by unauthorized, unflattering, or inaccurate use of his name or experience; and second, the Company must be protected from embarrassment or legal action arising from the use of text which might be subject to more than one interpretation and from invasion of privacy either of a firm or person.

B. Therefore, the following procedures will be followed:

a. Obtain written permission from a firm on its own letterhead for the use of its name, photos of its plant, its equipment or personnel (where applicable).

b. Obtain signed releases from any persons who appear in illustrations in (the Company) advertising whether employed elsewhere or at (the Company).

c. File such releases with the Director of Division Advertising and Corporate Identity (photostats or other suitable reproductions are acceptable).

6. *(Company) Testimonials and Appearance in Other Firms' Advertising*

Since the Company depends upon the cooperation of other firms to permit use of endorsements or other case history material, it is proper that the same kind of cooperation be extended to reputable firms.

A. Information submitted for use must meet the following conditions:

a. It must be factual.
b. It must not state or imply that the use of product or service by (the Company) is in any way exclusive.
c. It must be in good taste.
d. The firm must be one of good character and reputation.

B. Copy and layout must be submitted to the Director of Division Advertising and Corporate Identity for review and approval prior to its use.

7. *Publicity About Advertising*

At times it may be desirable to release to the press certain information describing specific division advertising or promotion campaigns or to cover activities of Company advertising personnel.

All such information is to be submitted to the Corporate Public Relations Office and to the Director of Division Advertising and Corporate Identity for clearance before release.

IV. Agency Relationships and Procedures

1. *Appraisal*

A. The quality of (the Company's) advertising depends equally upon the agencies' ability to create effective advertising and the direction given to them by Company advertising personnel. Constant evaluation of the quality of agency service to the Company, as well as the ability of personnel assigned to it, is therefore vital.

B. Any sign of diminishment in division account servicing or creativity is to be brought to the attention of the Director of Division Advertising and Corporate Identity so that proper corrective measures may be taken.

C. To help in regular agency evaluation, copies of all conference reports prepared for the division advertising personnel are to be sent by the agency to the Director of Division Advertising and Corporate Identity.

2. *Selection and Contracts*

A. Should it become desirable to consider a change in agencies, a thorough investigation and study will be made by the division advertising personnel and the Director of Division Advertising and Corporate Identity. In all cases, final selection requires approval of the division and the Director of Division Advertising and Corporate Identity. Letters of agreement also will be executed by him after legal approval and copies filed with the divisions.

V. Trademarks

1. *Value*

   A. Large investments in research, engineering, and production processes have helped (the Company) to build an enviable reputation for quality products. Its trademarks or brand names safeguard that reputation by assuring those who buy its products that they are getting only products marketed by (the Company).

   B. Only if used and presented correctly will their value continue. Therefore, they must be carefully maintained and protected.

2. *Protection*

   A. Because a brand name or trademark cannot be granted the same type of protection that is given to tangible property, it is doubly difficult to protect: from careless use—and from competitors. It may be lost or stolen if it is not vigilantly protected, and used properly. Failure to display it correctly on advertising, packaging, labels, or printed matter, would make it vulnerable to infringement and difficult to defend in the courts.

   B. Once a trademark, through careless usage, has become the generic name for a kind of merchandise, its owner loses his legal right to exclude others from using it.

   C. It is vitally important, therefore, that use of a trademark in advertising does not slip over into a descriptive or generic use instead of the proper employment as the mark of origin. The meaning which the public puts upon the Company's trademark will ultimately be recognized as the true meaning by the courts.

   D. Trademark use must be in accordance with the policies as set forth in the Corporate Patent Department Manual entitled "Trademarks and how to use them."

3. *Use of Trademarks in Advertising*

   A. New Trademarks

      a. No new trademarks shall be adopted or used in advertising and promotion without first obtaining approval from the Brand Name Review Committee.

      b. New trademarks must meet the criteria and policies expressed in the Corporate Identity Manual.

B. Existing Trademarks

a. The use of any existing trademarks (other than those listed as Primary Brand Names in the Corporate Identity Manual) in advertising, promotion material, or other forms of visual communication must first be submitted to the above committee along with substantiation for its continued use.

VI. Copyrights

1. *Protection*

A. Copyrights provide legal protection for literary, musical, and artistic works.

B. To qualify, a work need not have any high degree of literary or artistic merit. However, it must be original, the creation of the author, not copied.

C. *A copyright does not protect the basic idea of a work; it covers only the particular form in which the idea is expressed.*

2. *Policy*

A. It is the policy of the company that all advertisements, literature, house organs, and other external literary material be copyrighted.

3. *Procedure*

A. Copyright guidance and procedures may be obtained from the Director of Division Advertising and Corporate Identity.

VII. Interpretation

Requests for interpretation of this bulletin shall be addressed to the Director of Division Advertising and Corporate Identity.

Example 8

The "Principles and Guidelines for Company Advertising" of a Large Household Products Manufacturer

I. Basic Policies

The purpose of this statement is to provide Company personnel concerned with the creation, production and approval of advertising with a concise guide to Company standards and legal requirements to be applied to such efforts.

Stated simply, the Company expects advertising for its brands to be effective, honest in fact and in spirit, and in good taste.

1. *Effectiveness:* The function of advertising is to inform the consumer of the availability and merits of our products in general, to persuade consumers to try our products in preference to those of our competitors in particular, and to assist in expanding the market for entire categories of products. From this it follows that our advertising should interpret and present the performance of our products in a favorable and meaningful manner. We try hard to ensure that our products satisfactorily fulfill consumer needs and desires, and we should have no reservation about promoting them positively and enthusiastically.

2. *Honesty:* It is a basic principle of the Company and of the law that advertising shall be honest in fact and in spirit. Adherence to this requirement is often as much a matter of attitude and general flavor as it is of simple reading of words. When advertising is questioned under the law today, the attack is usually one concerning the essential honesty of the presentation in the specific context involved. Most of the rest of these guidelines will be found to be concerned with ensuring that a high level of honesty in our advertising is scrupulously maintained. Deceptive advertising can never be justified, and the problem of potential deception can occur on occasion due to carelessly unforeseen implications regardless of the best of intentions. The importance of the principle of honesty cannot be over-emphasized.

3. *Good Taste:* Our advertising should be in good taste and should not be offensive to the sense of decency of the average person. In view of the fact that "taste" and "offense" are subjective matters, this principle requires the constant exercise of good judgment in order to avoid advertising which is *likely* to offend. Obviously, advertising should avoid any statements or implications likely to foster ridicule of any race, nationality or creed.

II. Guides To Avoid Deception

1. *Proof of Claim:* All claims of fact must be fully supportable and should be meaningful in terms of performance or other consumer benefit. In applying this standard, advertising personnel will be assisted by the technical people in ascertaining the facts and assembling support and by the Legal Division in judging the sufficiency of the support assembled, but responsibility for the advertising, here as elsewhere, rests with the developers of the advertising.

2. *Hair-splitting:* Advertising should avoid the use of claims whose validity depends upon fine interpretations of meaning.

3. *Puffery:* Some claims are so much a matter of opinion that they are not capable of proof or disproof on a factual basis, such as a claim that a food is "delicious". Reasonable claims of this kind are permissible.

4. *Product Differentiation:* Artificial product differentiation should be avoided. The Company's success over the years has been firmly grounded on meaningful product improvements providing superior total values for the consumers. Advertising should concentrate on such improvements and values and not attempt to create distinctions, that do not in fact exist. Legitimate differentiations may, however, be found in product characteristics relating to factors other than performance in the strictest sense, such as in fragrance or appealing color.

5. *Product Improvements:* New advertising themes prompted by product improvements or new product developments should avoid attempts at differentiation not based upon the new technology itself.

6. *Superiority Claims:* Where a brand does not have provable superiority versus *all* of its competition, care must be taken to use language in claiming the brand's advantage which stops short of totality.

7. *Usage Levels and Directions in Claims:* Proof of claims must always be based upon usage levels and methods which are unassailable as to the essential fairness of comparison. This means that package directions, if any, must be followed except to the extent that a specified level is in fact impracticable for the task in question due to cost or other reasons. Where the specified level is thus impracticable, or where there are no directions for use, comparison should be on the basis of the usage which gives the best results obtainable for each product under

reasonable home conditions, balancing the elements of performance, safety, comfort and economy for the consumer.

8. *Totality Claims:* Quite apart from superiority claims as to other products, advertising must avoid unsupportable claims of totality as to performance of our own brands. Each product claim should be carefully examined for implications of unsupportable totality.

9. *Use of "New" and "Improved":* The word "new" may be used on packages and in advertising in connection with new brands as they are introduced. The words "new" or "improved" can be used without qualification as to an existing brand where there has been a product improvement which measurably improves the basic functional performance. Where the product improvement does not affect the basic functional performance of the product but relates to a significant aspect of the consumer's overall appreciation of the product such as change in appearance or packaging, the word "new" or "improved" may be used only if it is made clear that it applies to the specific change that has been made.

10. *Ingredient Advertising:* Single ingredients and ingredient combinations which contribute measurably to a brand's performance may be mentioned on the package and in advertising. Ingredients which do not so measurably contribute to performance may not be mentioned in a manner which implies they do, which will normally be the case for any mention of an ingredient at all unless suitably qualified or explained. However, certain ingredients may not in fact contribute measurably to the basic functional performance of a product but may nevertheless relate to a significant aspect of the consumer's overall appreciation of the product, such as fragrances and the like. This kind of ingredient may be mentioned provided that the actual contribution to consumer satisfaction is made clear.

11. *Testimonials:* No claim may be made through the device of a testimonial which is not fully supportable on its own merits as if made without the use of the testimonial device. Apart from the substance of the claim itself, no testimonial may be used unless the remarks made accurately and truthfully reflect the actual experience of the person featured, with the person shown and the voice used being those of such person. Any deviation from reality must be disclosed. For this purpose the term "testimonial" should be deemed to include any presentation with such a documentary flavor that it is not an obvious dramatization or fictional presentation.

12. *Demonstrations:* A demonstration is a claim inviting the viewer to rely on his own perception for demonstrative proof of the claim. Accordingly, the use of undisclosed props and mock-ups and alterations in the products being demonstrated is prohibited regardless of the truth of the claim in question and the fact that the demonstration which appears to the viewer to have been conducted can actually be conducted with the same result. Any demonstration must be directly relevant as proof of the claim to which it purports to relate, and the claim which is thus supported must, like any claim, be meaningful in terms of performance or other consumer benefit.

13. *Headlines:* A general promise may be made in a printed headline or in an opening claim in a commercial provided that the basis therefor is clearly stated with *reasonable prominence,* thereafter, in the advertisement or commercial. However, it is unacceptable to make an untrue claim in the headline or opener with the expectation of correcting it by adding an important fact elsewhere to make it true.

14. *Related Advertisements:* Each advertisement or commercial must be tested on its own under these guidelines for advertising. It is not sufficient to correct a problem in an opening commercial by means of language in a closing commercial.

15. *Economy and Mileage Claims:* Any claims as to economy or mileage must be supported by evidence concerning product usage under normal usage conditions.

16. *Method Claims:* Any claims as to improved results from following a certain method must be based on evidence that a majority of consumers would get better results by changing to the method referred to and must make clear precisely what method it is that is being referred to.

17. *Use of Word "Free":* Whenever an offer or claim of "free" or similar meaning is to be made, all conditions, obligations or other prerequisites to the receipt and retention of the "free" merchandise must be clearly and conspicuously stated at the outset so as to leave no reasonable probability that the terms of the offer will be misunderstood. If an article is required to be purchased in order to obtain the "free" article, the article to be purchased must not be (1) priced higher to the trade than it is ordinarily priced; (2) reduced in quality; or (3) reduced from normal quantity or size.

III. Miscellaneous Guides

1. *Guarantees:* "Guarantees" may be used in Company advertisements provided that the statements which are so "guaranteed" are fully supportable and could be used whether or not they are guaranteed. No "guarantee" shall be used, however, without an indication of the extent of redress thereunder, which will usually consist of a statement such as "moneyback" although special circumstances may require other limitations. Any guarantee shall indicate how consumers should make claims and clearly specify conditions thereon, such as the return of the container or unused portion or whatever.
2. *Governmental References:* Advertising should not quote any statement or writing of any public official or governmental agency without their written permission.
3. *Personal References:* Names of individuals and quotations thereof should not be used without their written permission.
4. *Testing Organization References:* Advertising should not quote any statement or writing of a testing organization without its written permission. Any material quoted must be the result of bona fide research, and laboratory scientists should not be used to speak on behalf of the product.
5. *Product Disparagement:* Advertising should emphasize the positive merits of Company brands and refrain from unfairly discrediting or disparaging competitive products of other companies. This should not, however, be deemed to preclude the use of legitimate comparative performances claims deemed supportable upon the facts.

Example 9

The Advertising Policy and Procedures of a Large National Food Producer

The Company's Advertising Policy

The (Company) advertising policy has its philosophy rooted in the recognition that a commitment to the consumer's rights ("consumerism") is essential to the corporation's well-being.
Among these rights are:

- The right to protection against fraud and deceit;
- A guarantee of safe and healthful products;
- The right to know the attributes of the products;
- The right to freedom of selection among product alternatives with clearly defined price-value relationship.

It is our policy that every claim we make regarding the product advertised be substantiated and documented before use.

The (Company's) communications must reflect a sensitivity to consumer knowledge, sophistication and skepticism. More specifically, a working policy should include the following:

1. We must insure that advertising and publicity materials not include "evidence" of any product attribute and benefit, when such evidence is not a true indication of the specified product characteristics. Thus, food products cannot be shown or written about in such a manner so as to exaggerate, misrepresent or in any way incorrectly show the product qualities. This applies to depiction of the product itself, as well as the reported results of any test, experiment or demonstration.

2. We must examine any piece of communication that could have a real or implied, purposeful or accidental, element of fraud or deception. Moreover, it is not good enough to simply look at a piece of advertising for the words or claims used. We must also read between the lines in search of elements which may lead to consumer misinterpretation.

3. We must insure that our advertising be in good taste. It cannot be offensive to any religious, ethnic or political segment. Advertising must be competitive in a positive sense, not derogatory to the products of other companies.

Our policy thus demands a belief and conviction that we can have honesty and good taste in our advertising, and, at the same time, achieve a level of creativity and credibility unattainable with advertising that reflects lower standards. We truly believe that high ethical standards for advertising are totally consistent with goals in the area of share of market and profit before taxes.

Procedure for Approval of Labels and Advertising

This procedure specifies the required steps in the development of labeling and advertising necessary to assure compliance with the laws and regulations which govern our business. In addition, it enumerates in detail the significance of each individual approval.

The term "advertising" includes media, trade, point of sale and all other forms of communication with the trade and the consuming public.

This procedure has been adopted as the means of protecting the corporation, the free-standing companies and individual employees from regulatory action. Accordingly, no one may commit the corporation to the purchase of labeling or advertising until each of the approvals specified herein has been obtained in writing on the appropriate keyline, script, or storyboard.

1. LABELS (New or Reformulated Products and Other Label Changes)

   a. Brand Manager initiates label concept and discusses it as he deems necessary with Law Department, Consumer Service and Director of Nutrition.

   b. Brand Manager initiates development of keyline with agency or graphics department, communicating inputs of individuals consulted in (a) supra.

   c. Brand Manager receives completed keyline, affixes title box and hand carries through various approval steps.

   d. Brand Manager obtains written approval of the keyline from an authorized person representing each function set out below. In each case, such approval shall represent that the person signing has examined the keyline and approves its form and content in respect of each matter for which the approval of his function is required.

   APPROVALS

   d-1 Brand Manager—general assembly of keyline, truth of promotional copy, location of price spot, accuracy of declared net weight, accuracy of ingredient itemization, type size, visibility and readability of all label copy, integrity of pictorial representations, patents and trademarks.

   d-2 R&D Packaging—packaging functionality, lack of slack fill or other deceptive packaging practice, presence of PMS-ACS number, and opening instructions.

d-3 R&D Formulation—accuracy of ingredient itemization, accuracy of declared net weight, and accuracy of basic recipe wording. (Refrigerated requires proper dating.)

d-4 R&D Ingredient Control—compliance of formulation with applicable food additive regulations, proper names and order of ingredients.

d-5 Product Safety Officer—safety of product for human consumption under ordinary conditions of use, freedom from advocacy or suggestions for misuse of product, and presence of any necessary warnings.

d-6 Vice President-Science and Technology—medical accuracy of all nutritional claims, safety and efficacy of nutritional products under recommended conditions of use. In addition, the written approval of the Vice President-Science and Technology shall constitute a certification that any written approvals requested by the Law Department pursuant to d-11 (i) have been obtained.

d-7 Nutrition Committee—with respect to any product which has a nutritional concept or for which any major nutritional claim is made, the Nutrition Committee shall review the label for accuracy of nutritional claims and for communication thereof to the consumer without deception.

d-8 Free-Standing Company Quality Assurance—ability of production facility to produce the product on a day-to-day basis in conformity with all labeling claims; presence of any required opening instructions, handling or storage instructions, open dating information, and coding.

d-9 U.S.D.A. Liaison Representative—(where applicable) label has been precleared by U.S.D.A. and Approval to Print has been issued for production quantities of labels. Advertising claims correspond with labeling claims authorized by U.S.D.A. regulations.

d-10 Consumer Service—accuracy of recipe copy, accuracy of yield statement, and integrity of pictorial representations.

d-11 Law Department—

(i) General—truth of promotional copy and integrity of pictorial representations, and correspondence of label to all federal and state legal requirements. In giving such approval, the Law Department will give due consideration to the approvals given pursuant to d-1 through

d-10. The Law Department may require, as a condition to giving its approval, that the Vice President-Science and Technology has secured written approval from the company's nutritional advisers of designated nutritional claims.

(ii) Patent and Trademark Counsel—correct use of registered marks, availability of marks used, lack of misuse of trademarks, accuracy of patent number on packages, and noninfringement of existing patents or trademarks owned by others.

d-12 Procurement—that all necessary approvals have been obtained and that there are no apparent defects in the keyline.

e. Brand Manager delivers complete approved keyline to Procurement. Such delivery constitutes a representation by the Brand Manager that (i) no changes in the keyline have occurred after an approval has been affixed to the keyline, or (ii) all those who approved the keyline prior to changes made in it have been notified in writing of the changes and have assented to the changes, or (iii) where a required approval is missing from the keyline a person authorized to give the missing approval has been informed in writing of the form and content of the keyline and has assented to it.

f. Procurement shall submit to label suppliers only those keylines which contain all necessary approvals.

2. ADVERTISING (Media, Point of Sale, Trade and All Other)

a. Brand Manager initiates development of advertising claims and discusses general concepts with Law Department, Consumer Service and Director of Nutrition.

b. Brand Manager initiates development of print and keylines, scripts for radio commercials and storyboards for television commercials with agencies or graphics department, as applicable. Art and copy for point of sale material is also developed at this stage.

c. Brand Manager receives completed keylines, scripts, storyboards, art and copy, affixes title box and hand carries through various approval steps.

d. Brand Manager obtains written approval of the keyline, script, storyboard, art and copy from an authorized person representing each function set out below. In each case, such

approval shall represent that the person signing has examined the keyline, script, storyboard, art or copy and approves its form and content in respect of each matter for which the approval of his function is required.

APPROVALS

d-1 Brand Manager—general assembly of keyline, truth of advertising copy, and integrity of any pictorial representation.

d-2 Product Safety Officer—freedom from advocacy or suggestions for misuse of product, and presence of any necessary warnings.

d-3 Vice President-Science and Technology—(where applicable) medical accuracy of all nutritional claims made in advertising. In addition, the written approval of the Vice President-Science and Technology shall constitute a certification that any written approvals requested by the Law Department pursuant to d-8 (i) have been obtained.

d-4 Nutrition Committee—(where applicable) accuracy of nutritional claims and communication thereof to the consumer without deception.

d-5 Free-Standing Company Quality Assurance—production can meet all advertising claims on a day-to-day basis.

d-6 U.S.D.A. Liaison Representative—(where applicable) advertising claims correspond with labeling claims authorized by U.S.D.A. regulations.

d-7 Consumer Service—integrity of pictorial representations, accuracy of product claims, and practicality of recipe suggestions.

d-8 Law Department—

(i) General—truth of advertising copy and integrity of pictorial representations, and correspondence of advertising to all federal and state legal requirements. In giving such approval, the Law Department will see that all necessary approvals have been obtained and will give due consideration to the approvals given pursuant to d-1 through d-7. The Law Department may require, as a condition to giving its approval, that the Vice President-Science and Technology has secured written approval from the company's nutritional advisers of designated nutritional claims.
(ii) Patent and Trademark Counsel—correct use of regis-

tered marks, availability of marks used, lack of misuse of trademarks, noninfringement of existing patents or trademarks owned by others.

d-9 Procurement—that in the case of point of sale and trade materials all necessary approvals have been obtained.

e. Brand Manager forwards to agency only those keylines, scripts and storyboards which bear all necessary approvals.

f. Agency produces commercials involving television photography under supervision of (the Company's) Consumer Service.

g. Agency forwards Brand Manager copies of all television commercials prior to broadcast.

h. Brand Manager secures final written approval of all television commercials from Consumer Service and the General Law Department prior to first broadcast. In addition to the approval matters approved by the General Law Department and Consumer Service under d-7 and d-8 above, such approval shall extend to the integrity of the video representations in the commercial.

(Company) and Agency Responsibilities and Procedure in Preparation of (the Company's) Product Pictorial Representations for Labels, All Forms of Advertising and Point of Sale Materials

The . . . Company and its advertising agencies share responsibilities for the preparation of labels, advertising and point of sale materials which truthfully and accurately represent the Company's products. In order to accomplish this result and to aid (Company) personnel in working with its advertising agencies and other suppliers in the development of its labels, advertising, trade brochures and point of sale materials, the following guidelines for product representation have been prepared:

1. *Source of Products for Pictorial Representation*

Products which are to be photographed or otherwise pictorialized should be representative of those available to the consumer and should therefore be obtained in representative markets from retail shelves or trade warehouse when possible. When a new product has not yet reached the retail shelves or trade warehouse, a representative sample should be obtained from an actual production run. If a new product

is not yet being produced at the plant, a laboratory sample may be used if there will be no material difference in appearance between it and the plant-production product. If a laboratory sample or early production run product is used, the Consumer Service representative having responsibility for the product will obtain a sample from a representative retail market or trade warehouse as soon as it becomes available for comparison with the pictorial representation. If any material difference exists, the Brand Manager and Consumer Service representative will immediately institute a corrective change in the representation.

2. *Preparation of Products for Photography*

Products should be prepared for photography according to package directions. Any deviation from such directions must be disclosed on the label or in the ad. Implements used should be those which are readily available to the average consumer and the method of preparation should be such that it does not require any professional expertise. The recipe copy on the package and end product quality standards are the sole responsibility of (the Company).

3. *Product Pictorial Representations*

The pictorial representation of food products including drawings as well as photography, must be accomplished in a manner which will portray them as they would be likely to appear when properly prepared by the consumer in accordance with package directions. Photography should be achieved without the use of such techniques as deceptive lighting effects, artificial props or special agents (dye, lacquer, etc.) and without retouching the photograph unless full disclosure is made. If any such techniques are believed necessary in order to more accurately portray the product, clearance for the use of same should first be obtained from the Law Department of the . . . Company and the agency. Each photography session should be planned in detail by appropriate representatives from (Company) marketing and/or Consumer Service and the advertising agency. Documentation of the plan and any changes made during actual photography should be made and kept by (the Company's) Consumer Service.

4. *Recipe Advertising*

When photographs or other pictorial representations are to be made of foods prepared according to recipes referred to or contained in advertising, labels or point of sale materials, the foregoing guidelines should apply. In addition, the recipe should be complete and should be identical to that used in preparation of the food portrayed therein.

5. *Advertising Directed to Children*

All pictorial representations as well as the words used in connection therewith which are primarily directed toward children must be carefully prepared and reviewed in order to avoid misconceptions by children as to claims made for the product and misunderstanding of such things as premiums and promotional offers. All plans for such advertising shall be reviewed by the Brand Manager with the (Company's) Law Department before final preparation thereof.

6. *Procedural Problems*

In the event of any question or problems concerning the interpretation or use of these guidelines, the (Company) personnel directly involved should contact the (Company's) Law Department immediately for clarification. Any differences with the agency as to any such question will be resolved between the agency legal department and the (Company) Law Department. In no event should any (Company) employee sign any affidavit or statement concerning the subjects covered by these guidelines for the agency or any third party without first consulting the (Company) Law Department.

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Credit & Related Terms of Sale

Chairman: **Arthur E. Rasmussen**
Chairman & Chief Executive Officer
Household Finance Corp.

Vice-Chmn.: **James D. Farley**
Executive Vice President
First National City Bank

Performance and Service

Chairman: **Richard L. Terrell**
Executive Vice President
General Motors Corp.

Vice-Chmn.: **Charles M. Odorizzi**
Executive Vice President
RCA Corporation

Product Safety

Chairman: **Seth Hawkins**
President
Mattel, Inc.

Vice-Chmn.: **Stanley C. Gault**
Vice President & Group Executive –
Appliance & TV Group
General Electric Co.

Complaints and Remedies

Chairman: **Donald B. Smiley**
Chairman and Chief
Executive Officer
R. H. Macy & Company

Vice-Chmn.: **Howard C. Hardee**
Chairman
CPC International Inc.

Executive Director

William D. Lee
Deputy Assistant Secretary for Business Development
U.S. Department of Commerce